

STATEMENT OF PURPOSE

RS20236

This legislation repeals and replaces the existing Idaho Life and Health Guaranty Association Act so that Idaho law will be more closely aligned with the most recent National Association of Insurance Commissioner's (NAIC) Model Act. This law creates an Idaho Life and Health Guaranty Association whose membership includes all insurers licensed to write life or disability insurance in Idaho. If a member insurer is found to be insolvent and is ordered to be liquidated, the Association provides protection to Idaho residents who are holders of covered life and disability policies and annuities issued by the insolvent insurer. The existing Idaho law is based upon the 1977 version of the NAIC model law. Since 1977 the NAIC model has been revised and modernized to reflect states' experience with individual and multi-state life and health insurance insolvencies and related events encountered by their respective state guaranty associations. The adoption of this new version of the Model Law will streamline the process of dealing with insurance company insolvencies because most insolvencies involve companies doing business in many states and not companies doing business only in Idaho.

FISCAL NOTE

There will be no fiscal impact on state or local funds because the economic aspects of the new law are the same as those in Idaho's existing law.

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